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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

BEST COPY AVAILABLE

92-2241

(Mark One)

_X_ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 1992, or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____.

Commission File Number: 0-8542

ESPERO ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware	64-0345250
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1020 N.E. Loop 410, Suite 330
San Antonio, Texas 78209
(Address of Principal Executive Offices)

Telephone Number: (512) 829-7321
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES _X_ NO ___

The number of shares of the Company's Common Stock outstanding was 12,046,423 at March 31, 1992.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ESPERO ENERGY CORPORATION
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
As of March 31, 1992, and December 31, 1991

ASSETS

	1992 (Unaudited)	1991
CURRENT ASSETS		
Cash	$ 429,156	$ 542,073
Accounts receivable		
Oil and gas sales	678,175	897,412
Other	94,044	222,851
Other current assets	494,114	193,453
Total current assets	$ 1,695,489	$ 1,855,789
PROPERTY AND EQUIPMENT-at cost using successful efforts accounting		
Producing properties	$10,331,696	$10,581,939
Non-producing leases, royalty and mineral interests	830,513	830,513
Furniture and office equipment	61,668	61,668
Inventory-lease & well equipment	41,246	41,246
Real estate fee land	3,676	3,676
	$11,268,799	$ 11,519,042
LESS accumulated depreciation, depletion and amortization	(6,329,161)	(6,200,002)
	$ 4,939,638	$ 5,319,040
	$ 6,635,127	$ 7,174,829

See accompanying notes.

ESPERO ENERGY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
As of March 31, 1992, and December 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY

	1992 (Unaudited)	1991
CURRENT LIABILITIES		
Accounts payable-Trade	$ 338,576	$ 574,480
Current maturities of long-term debt	1,800,000	1,600,000
Other current liabilities	91,026	64,259
Total current liabilities	$ 2,229,602	$ 2,238,739
NOTES PAYABLE	$ 1,721,299	$ 2,351,422
DEBENTURES PAYABLE	$ 129,060	$ 129,060
DEFERRED TAXES	$ 84,000	$ 84,000
MINORITY INTEREST IN SUBSIDIARY	$ 205,906	$ 206,040
STOCKHOLDERS' EQUITY		
Common stock - $.005 par value; authorized 20,000,000 shares; issued 12,046,423 shares at March 31, 1992, and December 31, 1991	$ 60,232	$ 60,232
Additional paid-in capital	444,421	444,421
Retained earnings	1,814,436	1,714,744
Less: Treasury stock-at cost, 124,293 shares at March 31, 1992, and December 31, 1991	(53,829)	(53,829)
Total equity	$ 2,265,260	$ 2,165,568
TOTAL LIABILITIES AND EQUITY	$ 6,635,127	$ 7,174,829

See accompanying notes.

ESPERO ENERGY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
REVENUES		
Sales of petroleum products	$ 1,323,371	$ 1,868,457
Sales of leases and prospects	47,379	1,253
	$ 1,370,750	$ 1,869,710
COSTS AND EXPENSES		
Lease operating expense and production taxes	$ 606,387	$ 660,795
Oil and gas exploration	2,798	41,740
Depreciation, depletion and amortization	331,500	332,100
General and administrative	184,728	187,848
	$ 1,125,413	$ 1,222,483
EARNINGS (LOSS) FROM OPERATIONS	$ 245,337	$ 674,227
OTHER REVENUE (EXPENSE)		
Interest expense	$ (95,902)	$ (157,873)
Miscellaneous	123	16,960
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	$ 149,558	$ 506,314
PROVISION FOR INCOME TAXES		
Current	(50,000)	(164,000)
Deferred	-	-
NET INCOME BEFORE MINORITY INTEREST	$ 99,558	$ 342,314
Minority interest in (earnings) loss of subsidiary	134	(6,813)
NET INCOME	$ 99,692	$ 335,501
AVERAGE COMMON EQUIVALENT SHARES OUTSTANDING	12,046,423	12,046,423
EARNINGS PER SHARE	$ 0.01	$ 0.03

See accompanying notes.

ESPERO ENERGY CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Cash flows from operating activities		
Cash received from product sales	$ 1,549,038	$ 2,216,256
Cash paid operators, suppliers and employees	(1,305,052)	(940,545)
Interest received	11,706	19,655
Interest paid	(126,569)	(111,150)
Income taxes (paid) refunded	92,802	(37,456)
Net cash provided by operating activities	$ 221,925	$ 1,146,760
Cash flows from investing activities		
Proceeds from sale of properties	$ 50,749	$ 39,902
Payments to acquire properties	(43,236)	(13,674)
Proceeds attributable to purchase price adjustment	87,768	-
Net cash provided by investing activities	$ 95,281	$ 26,228
Cash flows from financing activities		
Loan repayments to partnerships	$ (368,950)	$ (995,955)
Loan repayments to affiliates	(61,173)	(39,030)
Dividend paid to Preferred Stock holders	-	(15,000)
Net cash used by financing activities	$ (430,123)	$ (1,049,985)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (112,917)	$ 123,003
Cash and cash equivalents at beginning of period	542,073	893,186
Cash and cash equivalents at end of period	$ 429,156	$ 1,016,189
Reconciliation of net earnings to net cash provided by operating activities		
Net earnings	$ 99,692	$ 335,501
Adjustments to reconcile net income to net cash provided by operations		
Depreciation, depletion and amortization	$ 331,500	$ 332,100
Minority interest in income (loss) of subsidiary	(134)	6,813
Gain on sale of assets	(47,379)	-
Decrease in accounts receivable	225,544	329,586
Decrease in Income Taxes Receivable	96,178	-
Increase (decrease) in other assets	(274,339)	2,975
Decrease in accounts payable	(235,904)	(90,583)
Increase (decrease) in current liabilities	(896)	37,446
Increase in income taxes payable	46,624	19,200
Increase (decrease) in interest payable	(18,961)	47,178
Increase in net profits	-	126,544
Total adjustments	$ 122,233	$ 811,259
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 221,925	$ 1,146,760

See accompanying notes.

ESPERO ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying financial statements of Espero Energy Corporation, (the "Company") include the accounts of its subsidiary, Love Petroleum Company ("Love"). As of March 31, 1992, the Company owned approximately 72% of Love. All significant intercompany transactions have been eliminated. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of March 31, 1992 and the results of operations and cash flows for the three month period ended March 31, 1992. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the registrants annual report on Form 10-K for the year ended December 31, 1991.

2. NOTES PAYABLE

Notes Payable consist of the following at March 31, 1992 and December 31, 1991:

	1992	1991
Note payable to Pecos Development Corporation at prime, principal and interest due at maturity on June 1, 1992, collateralized by a second lien on working and royalty interests in certain oil and gas producing properties.	$ 79,000	$ 79,000
Note payable to Pecos Development Corporation atprime plus 1-1/2% with principal and interest equal to the greater of 80% of net proceeds from certain oil and gas properties or $15,000, due monthly, balance due March 1, 1992 collateralized by a second lien on working and royalty interest in certain oil and gas properties.		61,173

(2) NOTES PAYABLE - Continued

Notes payable to investment partnerships at 11%, payable in monthly installments out of the lesser of 85% of net proceeds from certain oil and gas properties or an agreed upon amount, balance due December 1, 1996 collateralized by working and royalty interests in certain oil and gas properties and real estate fee land.	3,442,299	3,811,249
	$ 3,521,299	$ 5,951,422
Less current maturities	(1,800,000)	(1,600,000)
	$ 1,721,299	$ 2,351,422

On December 15, 1991, the Company entered into an agreement with three investment partnerships managed by Resource Investors Management Company, wherein the partnerships set up a $15,000,000 loan facility under which the Company can draw funds for approved acquisitions. This facility provided for a refinancing of the Company's existing debt and the purchase of oil and gas properties for approximately $1,000,000. This debt is secured by substantially all of the properties of the Company and carries a stated interest rate of 11%.

The new issuance calls for monthly principal and interest payments out of the lesser of 85% of the net production proceeds from the mortgaged properties or an agreed upon amount based upon an approximate 3 year amortization of the current outstanding principal.

3. SUBSEQUENT EVENT

Subsequent to the March 31, 1992 quarter end on April 24, 1992, Registrant purchased undivided interests in forty-two (42) producing oil and gas wells from Unocal Corporation, a corporation unaffiliated with the Registrant, for a total purchase price of approximately $2,382,000. Financing of the acquisition was obtained from three investment partnerships managed by Resource Investors Management Company (RIMCO) under the terms of a $15,000,000 loan facility which was arranged on December 15, 1991. The purchase price was based upon the Registrant's evaluation of estimated future net revenues of the acquired wells. The registrant received an engineering report covering the purchased properties from an independent petroleum engineering firm. Total debt due the RIMCO managed partnerships after this transaction is approximately $5,750,000.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Sales for the three months ended March 31, 1991 were $1,323,371, compared to $1,868,457 for the corresponding period of 1991. This decrease is due to normal production decline of the Company's properties and a decrease in the price received for both oil and natural gas.

Lease Operating Expenses as a percent of sales increased from 35% in 1991 to 46% in 1992. This is due to the decrease in Sales discussed above with little reduction in the number of producing wells and the corresponding cost to operate those wells.

Interest expense decreased from $157,873 in 1991 to $95,902 in 1992 due to the reduction of the Company's outstanding debt from cash generated by operations.

LIQUIDITY AND CAPITAL RESOURCES

Cash decreased by approximately $113,000 from December 31, 1991 to March 31, 1992. This is due to the Company's making a $305,000 deposit on the acquisition discussed in Part II, Item 5 herein. This was offset somewhat by cash provided by operations.

Accounts receivable from oil and gas sales decreased due to the items related to sales mentioned in Results of Operations above.

Accounts payable decreased by approximately $236,000 from December 31, 1991 to March 31, 1992. This is primarily due to timing of paying operator's invoices.

Notes payable are payable from the lesser of 85% of net proceeds from oil and gas properties or an agreed upon amount. Current maturities of long-term debt represents twelve months of the agreed amortization schedule. Funds to pay this amount will be generated from production of the Company's properties and have not been accrued at March 31, 1992 since not earned at that time. Therefore, the majority of current maturities of long term debt will not be paid from current assets.

In order to pursue its anticipated acquisition of oil and gas producing properties, substantial capital expenditures may be required. For this purpose, the Company has arranged a $15,000,000 facility with its current lenders (of which approximately $7,750,000 remains available) by which the Company can acquire producing properties, subject to lender approval. However, there is no assurance that the Company will have funds to make such expenditures whether through cash flow or through borrowings.

PART II

ITEM 5: OTHER INFORMATION

On April 24, 1992, Registrant purchased undivided interests in forty-two (42) producing oil and gas wells from Unocal Corporation, a corporation unaffiliated with the Registrant, for a total purchase price of approximately $2,382,000. Financing of the acquisition was obtained from three investment partnerships managed by Resource Investors Management Company (RIMCO) under the terms of a $15,000,000 loan facility which was arranged on December 15, 1991. The purchase price was based upon the Registrant's evaluation of estimated future net revenues of the acquired wells. The registrant received an engineering report covering the purchased properties from an independent petroleum engineering firm. Total debt due the RIMCO managed partnerships after this transaction is approximately $5,750,000.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

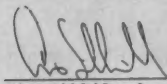
Exhibit 10.1: Purchase and Sale Agreement dated March 4, 1992

(B) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ESPERO ENERGY CORPORATION



Kip Gilliland,
President

Gregory E. Belisle
Controller

Date: